

The sale of a satellite television-programming card is the sale of an intangible and is not subject to tax. See 86 Ill. Adm. Code 130.101. (This is a GIL.)

April 20, 2006

Dear Xxxxx:

This letter is in response to your letter dated January 3, 2006, in which you request information. The Department issues two types of letter rulings. Private Letter Rulings ("PLRs") are issued by the Department in response to specific taxpayer inquiries concerning the application of a tax statute or rule to a particular fact situation. A PLR is binding on the Department, but only as to the taxpayer who is the subject of the request for ruling and only to the extent the facts recited in the PLR are correct and complete. Persons seeking PLRs must comply with the procedures for PLRs found in the Department's regulations at 2 Ill. Adm. Code 1200.110. The purpose of a General Information Letter ("GIL") is to direct taxpayers to Department regulations or other sources of information regarding the topic about which they have inquired. A GIL is not a statement of Department policy and is not binding on the Department. See 2 Ill. Adm. Code 1200.120. You may access our website at www.tax.illinois.gov to review regulations, letter rulings and other types of information relevant to your inquiry.

The nature of your inquiry and the information you have provided require that we respond with a GIL. In your letter you have stated and made inquiry as follows:

ABC is launching the sale of prepaid satellite television programming cards. The cards will only be sold through ABC's retailer channel; that is, the cards will be sold to ABC's dealers for resale. The dealers will then sell them to the general public. Each card will entitle the end-user to view television programming for 30 days upon activation. The programming services will be provided by ABC's sister company, XYZ. ABC and XYZ are both wholly owned subsidiaries of CORPORATION. Neither ABC nor XYZ will have the ability to source where the use of the programming service takes place, as these cards are sold in conjunction with portable satellite equipment. The service is pre-paid so XYZ will not be billing the customers or have customer address information.

No guidance was found in IL law regarding taxability on the sale of prepaid satellite television programming cards. Because the sale of the card is, in substance, the sale of the service of satellite programming, and satellite programming is not taxable in IL, is it an accurate determination that the sale of the prepaid card would not be taxable?

ABC is requesting written advice from [sic] on the tax treatment of prepaid satellite television programming cards. Please contact me if you need additional information or have questions. Thank you for your prompt response.

DEPARTMENT'S RESPONSE:

The sale of a satellite television-programming card is not considered a sale of tangible personal property. The sale of such a card represents the sale of an intangible, and since the Illinois sales tax laws are triggered upon the transfer of tangible personal property, no sales tax liability attaches to such a sale. See 86 Ill. Adm. Code 130.101.

I hope this information is helpful. If you require additional information, please visit our website at www.tax.illinois.gov or contact the Department's Taxpayer Information Division at (217) 782-3336. If you are not under audit and you wish to obtain a binding PLR regarding your factual situation, please submit a request conforming to the requirements of 2 Ill. Adm. Code 1200.110 (b).

Very truly yours,

Edwin E. Boggess
Associate Counsel

EEB:msk